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Case Study: First Horizon National's 90-Day Onboarding Program Benefits The Company

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EXECUTIVE SUMMARY

Onboarding is an essential HR process that extends over many months and even up to the employee's first anniversary and results in better employee retention, faster new-employee ramp-up, improved process consistency and efficiency, and better acculturation. First Horizon National (FHN) of Tennessee suffered significant employee layoffs in 2008 due to recessionary forces and made a conscious shift in HR strategy. FHN invested in a formal onboarding system with three strategic goals: 1) increase employee retention; 2) improve employee engagement; and 3) provide consistent company information to all new employees. New employees received support through many months of a multifaceted onboarding program.

WHAT FORRESTER THINKS: ONBOARDING IS A SIX- TO NINE-MONTH PROCESS

Onboarding begins with the offer letter and continues through most of the first year of employment. It is a process rather than a one-time event. The onboarding experience is "the process of acquiring, accommodating, assimilating, and accelerating new users into a system, culture, or methodology."¹ This means that onboarding is much more than an administrative task of collecting paperwork, getting new employees on the payroll, and organizing an orientation meeting. Onboarding maximizes the first months on the job and includes activities such as: consistent communications to employees; automation of logistical details, including formerly manual processes; understanding the organization's key work processes; helping with relationship building across the organization; job mentoring as a way to build competencies; and access to online learning modules and job-specific materials.

Done correctly, onboarding benefits include improved productivity, faster acculturation, and greater employee retention (see Figure 1 and see Figure 2).



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Figure 1 Onboarding Best Practices

Forrester recommends	First Horizon National's approach
Start the onboarding process before the employee job offer by giving realistic job information and exhibiting company culture in candidate conversations and interviews.	Recruiters
Make sure the new employee has consistent "touch" from different people in the company.	Onboarding coordinator, job manager, employee networks
Have simple orientations without an overload of information. Emphasize company vision, market trends, and client successes. Provide opportunities for interaction between new hires and employees.	Newcomer Celebration, a half-day welcome
Provide consistent, timely new-employee information over the onboarding period. (Employee resource center, compliance training, volunteerism, career development, work/life balance, etc.)	Automated weekly emails to new hires with procedural and cultural information
Encourage ongoing new hire feedback and conduct periodic new hire employee surveys.	30-day new employee survey
Use an onboarding software application to streamline the process that links to the organization's core HR system. A sample of vendors that provide onboarding software include Cornerstone OnDemand, Halogen Software, Kenexa, Lawson Software, Oracle, Saba, SilkRoad technology, Softscape, SuccessFactors, Taleo, Ultimate Software, and Workday	Ultimate Software

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Source: Forrester Research, Inc.

Figure 2 The Benefits Of A Strategic Onboarding Approach

Employee benefits	Employer benefits
Consistent message/experience	Operational efficiency
Paperless/email-centric delivery	Reduction in paper and paper handling
One-time data entry	Error reduction
Better company understanding	Greater retention
Faster ramp time	Faster employee time-to-value
Integration into the culture	Better employee communication

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Source: Forrester Research, Inc.

CASE STUDY SITUATION: FHN FINANCIAL UPHEAVAL CHANGES WORKFORCE PROCESSES

First Horizon National (FHN) is a 146-year-old US financial services and bank holding company based in Memphis, Tenn.² FHN was growing rapidly nationwide, and by 2008 it had more than 13,000 employees. And then . . .

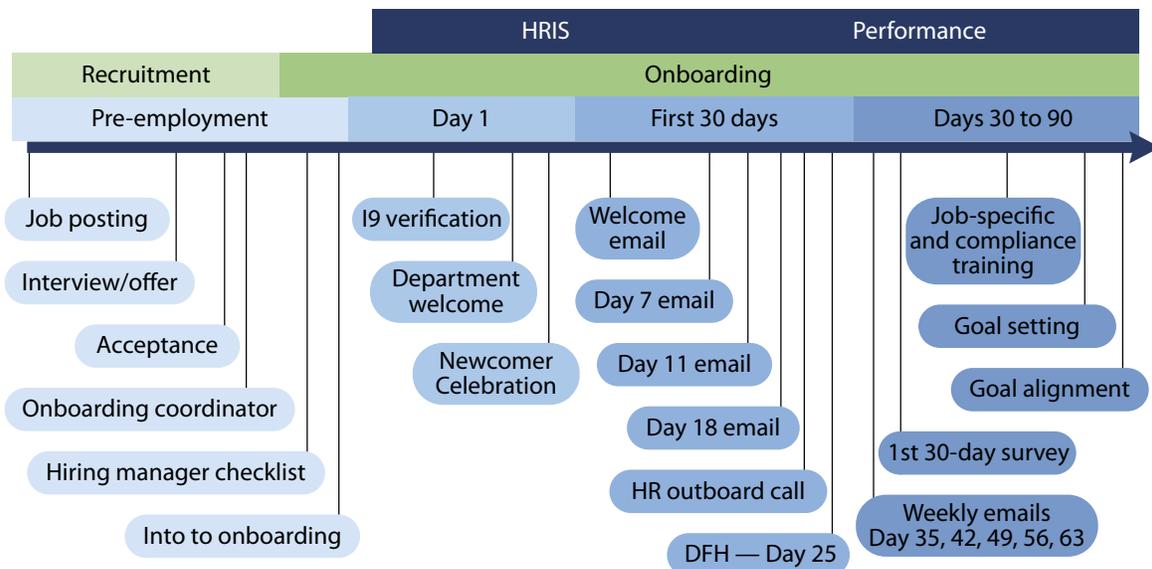
- **The 2008 economic collapse forced FHN to downsize.** The company sold off its mortgage business, which made up roughly 50% of the employee base.³ It also sold some additional smaller business units, reducing the employee headcount to 5,700 employees. FHN HR staff suffered a 40% staff reduction, going from 150 to 90 employees.
- **The HR department made efficiency a priority.** HR was tasked with finding ways to do the same work with fewer people. HR Strategic Project Manager Karen Sones focused full-time on evaluating and assessing HR systems and technology to determine existing gaps and create an efficiency plan.
- **Making new employees productive faster, and retaining them, became more critical.** The reduced headcount meant less time for upfront job prep. Employees had to learn fast and become a productive employee quickly. The HR department had been tracking “quick-quits,” or employees leaving within the first year of employment. The number was on the rise. Ramping up new employees is costly and time consuming, especially with the dire financial situation.⁴ A directional change had to take place with new hires.⁵

BEST PRACTICE: ONBOARDING DRIVES EFFICIENCY

Onboarding is a process that touches new hires from the first steps of recruitment through the first months on the job, with the ultimate goal of making new hires productive quickly and retaining them as employees. FHN's Karen Sones says that onboarding can be boiled down to three words: “*acquiring*, *assimilating*, and *accelerating* new hires into the culture.” She notes, “It’s a process, and the steps include fast-tracking new hires through all of the paperwork, providing them the right training, getting them into performance plans and goals, and making sure they are clear about what’s expected of them in their job and within the company culture.” FHN had already implemented Ultimate’s Core HR, Recruitment, and Salary Planning applications, so it chose Ultimate Software’s UltiPro Onboarding application to meet its needs. Here is the approach that FHN follows in its 90 days of onboarding (see Figure 3).

- **FHN’s onboarding process starts early — even before employment.** Potential employees search and apply for appropriate positions online. Recruiters monitor potential new hires from the first time they show interest in employment on the Web site. The recruiter follows the candidate through the interviewing, the offer, and the rest of the pre-employment period. A candidate’s information and resume are tracked in Ultimate’s Recruiting application.

Figure 3 FHN Onboarding Road Map



Source: First Horizon National

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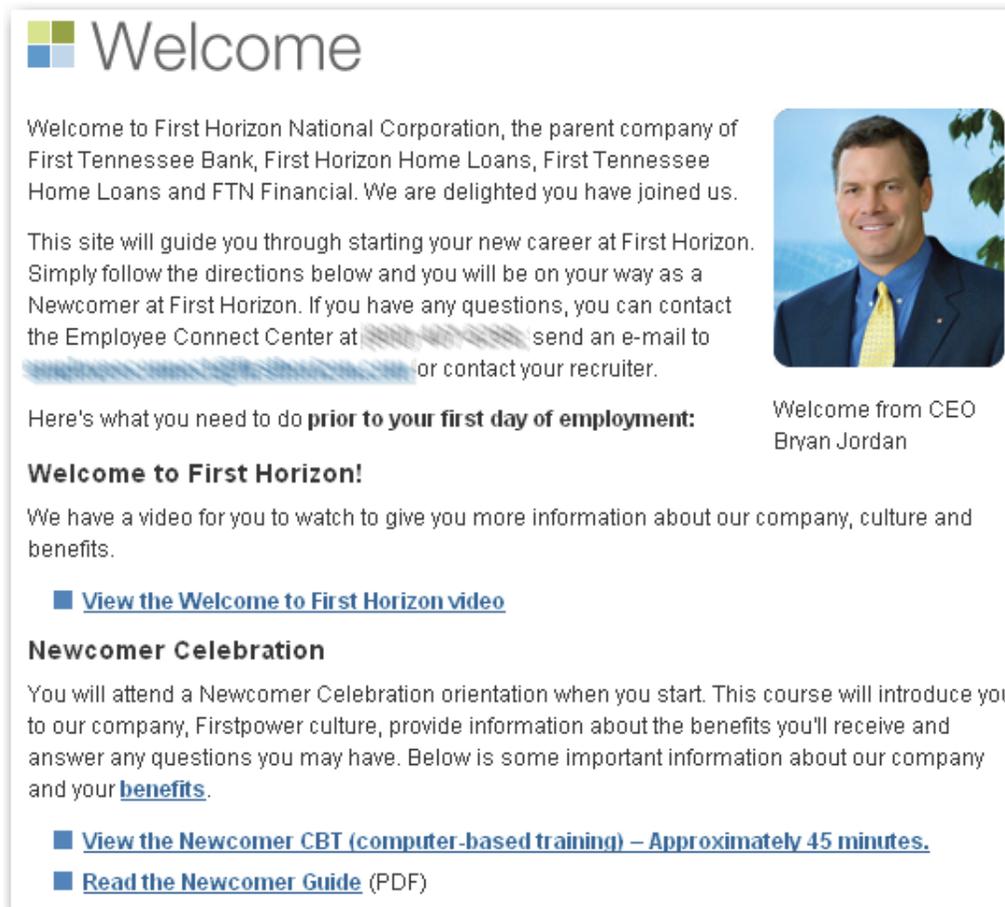
Source: Forrester Research, Inc.

- **Once the offer is accepted, the recruiting team acts as the new hire's main point of contact.** Now the responsibilities within the recruiting team shift. The recruiters return to attracting and hiring candidates, and the recruiting team support members take over preparing the new hire for the first day of employment, setting expectations and handling anything else that might arise before the person becomes an official FHN employee. The new employee data from the Recruitment application flows seamlessly into the Onboarding application. The core HR system is linked with the onboarding application, which provides each new employee with new hire paperwork, company information, etc., all loaded onto the computer at their work station.
- **Newcomer Celebration is the official transition of the new hire to the FHN workforce.** Executives welcome new hires, and the CEO provides a Web site welcome (see Figure 4). This half-day new hire session, led by professionals from the recruiting team, provides opportunities for newcomers to get to know the company and employees, to begin team-building, and to start acclimating the new hires to the company. The Newcomer Celebration is designed to avoid new-employee overload. Training and other new hire components are spread over the next few months. This is the last time the new hires will rely on the recruiting team for information.

From day two and beyond, work begins on departmental integration. New hires are assigned to team leaders who will be their main point of contact for questions related to their specific job. New employees also begin receiving emails generated by the onboarding application. These are

triggered automatically throughout a new hire's first three months. These emails have two parts and are customized by FHN. First the emails deliver timely information that employees need to know at this point in their employment, like details about their first paycheck and benefits enrollment; second, the emails include tidbits about the FHN culture like an email discussion of one of FHN's 12 Firstpower success factors. The Firstpower success factors are behaviors, knowledge, and skills that have been identified as critical to every employee's success.

Figure 4 New Hire Web Site Welcome



Source: First Horizon National

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Source: Forrester Research, Inc.

RESULTS: FHN ONBOARDING SAVES MONEY AND BENEFITS EMPLOYEES

The results show that the system is working even though it has been implemented for less than a year. Results include streamlining worker productivity, more satisfied employees, and onboarding cost savings.

- **An integrated onboarding application creates efficiency and consistency.** The new onboarding app puts emphasis on accurate data entry on the front end, with assured data consistency and reliability. This process has eliminated past redundant manual data entry collected in one system that had to be printed out, sent to someone else, and re-entered in a different system. Every new employee receives the same consistent message, since emails are generated automatically with verified content. Karen Sones values consistency as a big benefit:

“[The] biggest advantage is a consistent message being sent. Every employee coming in the door is hearing the same thing, getting the same messages; the same material to refer back to . . . it's all consistent. The operational efficiencies are just huge.”

- **Onboarding integrated technology has brought cost savings.** Onboarding is paperless, and all the data is integrated with other applications and stored electronically. Personnel savings include positions of a new hire clerk, one recruiter, and one payroll clerk. For FHN, these savings have more than paid for the onboarding application.
- **Increased retention clouded by economy.** Retention rates have increased, but this is due to many factors, the largest one being the tight labor market. Employees are not leaving because there is nowhere to go. Because of the economic conditions, FHN can't say with any certainty how the new onboarding program has affected retention. However, the results of the first 30-days-on-the-job onboarding survey indicate that new employees feel supported. A measure of the overall voluntary turnover rate shows a decline from 19.5% in 2008 to 10.96% at the end of 2009.⁶

RECOMMENDATIONS

LESSONS LEARNED FROM AN IMPLEMENTATION

FHN's successful implementation didn't come without lessons learned. Business process professionals should keep in mind the following recommendations:

- **Take inventory of all the manual processes involved with onboarding.** Extend outreach beyond the HR and technology departments. Identify people who interface with hires. Have them describe how they bring new hires up-to-speed and productive. Use this information to determine how the onboarding system will facilitate the activities. FHN's HR department learned that its assumption that everyone who worked with new hires had what they needed was wrong. Only after the system went live did they discover that the recruiting team

and the business department had mini-processes and email practices in place that HR wasn't aware of. Ask more questions on the front end to capture these processes.

- **Pick and choose which processes are worth automating.** No matter how advanced the system or how firm a grasp programmers have on the onboarding process, there will be some tasks that do not make sense to automate because they may bring little or no benefit. For example, if a process applies to only a few new hires, a paper form may be more efficient than a customization to automate the form. Up to 20% of onboarding activities can be one-offs, so it's important to do an assessment of cost and benefit of the onboarding tasks and make sure to include the level and cost of any customizations. Once the system is in place, observe the results and be prepared to make tweaks based on what's working and what isn't.
- **Start small and build.** Automating onboarding will bring dramatic changes to HR and the process for bringing employees up to speed. Identify low-hanging fruit and quick wins and start there. Companies can start by automating administration activities and almost immediately benefit from the time and cost savings of performing these tasks manually. For example, begin with the documentation that all new hires must complete and reap the benefits. As time and resources allow, begin to tackle areas that do not include all employees as part of the onboarding process. Building a fully comprehensive system the first time should not be priority No. 1. Implement a system and then build on it with feedback from new hires and those departments that work with new hires.

ENDNOTES

- ¹ Source: George Bradt and Mary Vonnegut, *Onboarding: How To Get Your New Employees Up To Speed In Half The Time*, John Wiley, 2009.
- ² First Horizon National Corporation provides diversified financial services through its primary subsidiary — First Tennessee Bank National Association — and its five business segments: Regional Banking, Capital Markets, National Specialty Lending, Mortgage Banking, and Corporate.
- ³ Source: Andrew Frye and Linda Shen, “Metlife Buys Mortgage Business From First Horizon, Bloomberg.com, June 4, 2008. (<http://www.bloomberg.com/apps/news?sid=am4khjZBv.aQ&pid=20601103>)
- ⁴ The costs of replacing a departing employee can be very high. At one aerospace and defense company, studies have shown that on average it costs 1.5 times annual salary to replace an employee when considering recruiting cost, training expenses, and lost productivity time. Source: Erin Harmeyer, “On-boarding our new employees,” Rockwell Collins (<http://www.rockwellcollins.com/horizons/volume13-issue4/onboarding/index.html>)
- ⁵ While no sure-fire way exists to accurately predict an employee's tenure, success in the first months of employment seems a strong indicator of a longer tenure. See the October 22, 2009, “[How Kelly Services Implemented Onboarding To Retain Quality Workers](#)” report.
- ⁶ Data from FHN's quarterly turnover reports to the executive management team.

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